

**CASE STUDY**

# A global corporation efficiently identifies and monitors creditworthy customers

**THE CLIENT:**

A multinational company

**USERS:**

Public Finance credit risk team

This multinational corporation manages thousands of municipal clients and each needs to go through a credit assessment process. As part of the company's surveillance process, the credit risk team conducts an in-depth credit analysis at origination and annual review of every public finance obligor. Additionally, the sales team utilizes this credit analysis when identifying new client opportunities. Given the importance of these analyses to several departments, the company was interested in upgrading and streamlining its processes. By working with S&P Global Market Intelligence (Market Intelligence), the company achieved its goals of streamlining processes, automating the customer finance review process, and increasing its efficiency when evaluating the creditworthiness of municipal entities.



## Pain Points

The Public Finance team had been struggling with their internally developed solution, which was not adequate for the company's needs. Specifically:

- **Insufficient data coverage:** The company was spending more time trying to obtain the necessary data than it was conducting the analysis.
- **A single credit scoring model to cover all exposures:** The company had exposures to general obligation issuers, water and sewer utilities, not-for-profit higher education, and healthcare. The company was using a one-size-fits all model and found the analysts typically had to override the results, adding even more time to the credit assessment process.
- **Model documentation was lacking:** The company did not have sufficient user guides for the analysts or the validation documentation providing evidence of how their internal models performed.
- **Cumbersome surveillance process:** The process the company used to conduct annual reviews of their customers was manual and time consuming.
- **Inability to quickly identify creditworthy clients:** By segment and/or region.

The company's Public Finance team adopted the Market Intelligence's Public Finance Automated Scoring Tool (PFAST) solution to address these challenges.

**The company was spending more time trying to obtain the necessary data than it was conducting analysis.**



## The Solution

Market Intelligence recommended PFAST, an Excel-based suite of Market Intelligence Credit Assessment Scorecards that is both an automated credit scoring and data solution enabling users to:



### Assign credit scores to the vast majority of the company's municipal customers

PFAST offers broad Public Finance sector coverage, including:

- **General Obligation** issuers or states, cities, counties, and school districts
- **Water and Sewer** utilities
- **Not-for Profit Health Care** including health care systems and hospitals
- **Not-for-Profit Higher Education** including private and public/state institutions
- **Transportation** including airports, mass transit, toll roads, bridges, and tunnels
- **Housing** including single- and multi- family agencies



### Automate scoring for nearly all cities, counties, school districts, special purpose districts and water & sewer utilities

Market Intelligence has collected more than three years of financial and economic data for local governments and water & sewer utilities. An automated credit scoring process leverages that data to derive credit scores for nearly the entire universe of unrated entities and create benchmark credit scores to monitor their rated entities.



### **Automate the spreading for all S&P rated General Obligation, Water & Sewer, Healthcare, Higher Education and Airport Obligors**

Market Intelligence has collected more than three years of financial and economic data for all rated general obligation issuers, water & sewer, healthcare, higher education, and airports. The data and credit scoring are fully automated by simply using an identifier (CUSIP or S&P Capital IQ ID).



### **Monitor your customer credit quality in minutes**

By simply inputting an identifier a user can generate overall credit risk scores for your complete public finance customer portfolio.



### **Quickly Identify Creditworthy Prospects**

Leveraging a continuously growing database you can generate credit scores for potential customers by region or segment.



### **Conduct scenario analysis**

Additional functionality for conducting “what-if” scenario analysis for your municipal portfolio.



## Key Benefits

The PFAST solution provides an automated credit scoring tool for all US cities, counties, and school districts and water and sewer utilities. A similar approach is also available for the major rated revenue bond segments. Key benefits include:

- **Broad scope of application** with sector-specific credit scorecards and data for General Obligation and Revenue Bonds including Water and Sewer, Not-For-Profit Healthcare, Not-For-Profit Higher Education, Transportation and Housing.
- **Productivity gains** with the automated data collection and credit scoring of nearly all cities, counties, school districts, special purpose districts, water & sewer utilities including unrated entities.
- **Methodology transparency** of the Scorecard including all risk factors, weights, benchmarks, and scoring algorithms.
- **Training and ongoing analytical assistance** to help groups understand the range of available capabilities and continue to get the most out of the solutions.
- **Quickly get up to speed** in public finance credit analysis with our easy to use Scorecard User Guides and 24/7/365 support from our global customer support team.
- **Validation support** through annual technical documentation that explains Scorecard methodology and testing.
- **Extensive coverage and continually growing database of municipal entities financials and economic data.**

*Click here to learn more about the [Public Finance Automated Scoring Tool \(PFAST\)](#).*

---

# S&P Global

## Market Intelligence

### Contact Us

#### Asia-Pacific

+852-2533-3565

#### Europe, Middle East & Africa

+44-207-176-1234

#### The Americas

+1 877 863 1306

Copyright © 2020 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON “AS IS” BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P Global Ratings does not contribute to or participate in the creation of credit scores generated by S&P Global Market Intelligence. Lowercase nomenclature is used to differentiate S&P Global Market Intelligence PD credit model scores from the credit ratings issued by S&P Global Ratings.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge) and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).